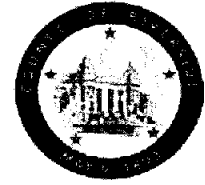


652

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE
REDEVELOPMENT AGENCY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Redevelopment Agency

SUBMITTAL DATE:
July 15, 2010

SUBJECT: Investment Policy and Annual Portfolio Disclosure Report for the Year Ending June 30, 2010

RECOMMENDED MOTION: That the Board of Directors receive and file the attached Disclosure Report on the Redevelopment Agency's Investment Portfolio for the year ending June 30, 2010, and adopt the Agency's Investment Policy dated June 30, 2010.

BACKGROUND: Pursuant to Board Policy B-21, those departments and special districts whose funds reside in Trust or in separate operating funds other than the Treasurer's pool must adopt an Investment Policy establishing authority for investing, minimum requirements for quality investment practices, reporting and auditing standards. This policy also requires the Redevelopment Agency to annually adopt the Agency's Investment Policy and file annual Disclosure Reports with the Board of Directors, the Auditor Controller and the Investment Oversight Committee. Enclosed are the Redevelopment Agency's Investment Policy and Disclosure Report for the year ending June 30, 2010.

Departmental Concurrence

Robert Field
Executive Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: No

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: Jennifer L. Sargent

County Executive Office Signature

- Consent
- Policy
- Consent
- Policy

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: N/A | **District:** ALL | **Agenda Number:**

4.4



**REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE
INVESTMENT POLICY STATEMENT
June 30, 2010**

PURPOSE & OBJECTIVE

This investment policy statement is limited solely to the proceeds of bonds issued by the Redevelopment Agency for the County of Riverside (the "Agency"). The first and primary objective in investing bond proceeds shall be to safeguard investment principal, second, to maintain sufficient cash resources to meet each bond fund disbursement requirement, and third, to achieve the highest earnings allowable consistent with these objectives.

AUTHORITY

The authority for the direction and/or making of investments is delegated by the particular bond indenture, board resolution, and fiscal agent agreement to the Agency's Executive Director or designee.

INVESTMENT ADVISOR

To the extent authorized by the Agency, an investment advisor may, pursuant to contract, provide financial advice and direction on investments to be made from bond proceeds, but any such authority shall not extend to the actual execution of investments on behalf of the Agency, nor shall it include the holding of bond proceeds and portfolio assets.

AUTHORIZED INVESTMENTS

Investments shall be restricted to those authorized by each bond indenture. To the extent authorized by the bond indenture, all investments shall be made in compliance with the criteria shown in Schedule 1, which defines the type of permitted investments, maturity limitations, and credit quality standards that apply. All investments shall be made and maintained at investment grade of A or better by Moody's, Standard & Poor's and/or Fitch rating services.

LEVERAGE

No reverse-repurchase agreements are to be utilized nor shall any security purchased with bond proceeds be made subject to a security lending agreement.

COLLATERAL

All repurchase agreements will be collateralized and held with a trustee.

INVESTMENT AGREEMENT CONTRACTS

Investment agreement contracts shall be awarded through a competitive bidding process with a minimum of three bids. Any fees or commissions paid in connection herewith shall be consistent with federal tax guidelines for safe harbor payments. A certificate of compliance regarding payments to others will be required from winning bidder.

All providers will carry a minimum rating of "A" by Moody's and Standard & Poor's rating services. Providers with ratings below "AA" will be required to provide acceptable collateral.

INVESTMENT MATURITIES

Based upon the characteristics of each fund type, all investment maturities are to coincide with expected cash disbursement requirements (i.e., debt service or construction costs). Investments in the debt service reserve fund shall have maturities no greater than five years. The term of investment agreement for the debt service reserve fund may exceed five years as long as funds may be drawn down on any interest payment date without penalty.

TRADING OF SECURITIES

Securities may be traded or sold prior to maturity either at a profit or loss whenever financial market conditions or the credit quality of the security warrants such action.

REPORTS

Security holdings shall be reported at book versus market value at least annually to the Agency Board of Directors for each Agency bond issue outstanding and made subject to audit.

SECURITY CUSTODY & DELIVERIES

Any security collateral shall be deposited and held by an authorized bank trustee or fiscal agent. No securities are to be held in a broker/dealer account. All security transactions are to be made on a "delivery versus payment basis."

EFFECTIVE DATE

This policy statement is effective June 30, 2010, and will remain in force until subsequently amended in writing by the Agency and adopted by the Agency Board of Directors.



Robert Field, Executive Director

**REDEVELOPMENT AGENCY
FOR THE COUNTY OF RIVERSIDE
Authorized Designees
June 30, 2010**

Only those staff whose signatures appear here are authorized to make investments, make wire or electronic fund transfers and to order the shipment and delivery of investment securities among accounts.

NAME/TITLE

SIGNATURE

Robert Field, Executive Director



Lisa Brandl, Deputy Executive Director



Emilio Ramirez, Deputy Executive Director



SCHEDULE 1

**Redevelopment Agency for the County of Riverside
Authorized Investments
June 30, 2010**

AUTHORIZED INVESTMENTS	PURCHASE RESTRICTIONS	CREDIT QUALITY (S&P/MOODY'S/FITCH)
U.S. Treasury Notes, bills, bonds, or other certificates of indebtedness	N/A	N/A
Notes, participations, or obligations issued by the agencies of the Federal Government	N/A	N/A
Bonds, notes, warrants, or certificates of indebtedness issued by the State or local agencies or County of Riverside	Maximum of 3% per issuer with no more than 1% greater than 1 year final maturity. No more than 13 month final maturity for corporate securities. No more than 3 year final maturity for state securities.	Long Term AA-, Aa3, AA- or better
Bankers Acceptances (BA)	Maximum of 3% per issuer with no more than 1.5% greater than 90 days. No more than 180 days final maturity.	Short Term A-1, P-1, F-1 or better
Commercial Paper (CP)	Maximum of 3% per issuer with no more than 1.5% greater than 90 days. No more than 270 days final maturity.	Short Term A-1, P-1, F-1 or better
Repurchase agreements with collateral restricted to U.S. Treasury or Agencies	Repurchase agreements to be on file	Short Term A-1, P-1, F-1 or better If A-2, P-2, F2 then overnight only
Medium Term Notes (MTNO) or Corporate Notes	Maximum of 3% per issuer with no more than 1% greater than 1 year final maturity. No more than 13 month final maturity for corporate securities. No more than 3 year final maturity for state securities.	AA, Aa2, AA minimum if under 1 year
Investment Agreements	Appropriate Draw Dates	A or better with collateral AA or better without collateral
Money Market Mutual Funds (MMF) that invest in eligible securities meeting requirements of California Government Code	Registered with SEC No NAV adjustments No front end loads	Long Term - AAA (2 of 3 nationally recognized rating services)
Riverside County Investment Pool	According to the County's Investment Policy	N/A

**Redevelopment Agency for the County of Riverside
Disclosure Report on Investment Portfolio
June 30, 2010**

Purpose: The following report is provided annually by the Redevelopment Agency for the County of Riverside to the members of the Board of Directors, County Auditor-Controller, County Investment Oversight Committee, and to any member of the public interested in the information.

The report will consider the following two areas involving the Redevelopment Agency's management of the portfolio;

- (1) The preservation of the principal in the funds invested, the cost (i.e., book value) vs. the current market value of the securities in the portfolio, and
- (2) The liquidity position of the portfolio.

Portfolio: The following is the composition of the portfolio showing the book and current market value of the securities in the portfolio reported by the Agency's fiscal agents (i.e., Bank of New York) as of June 30, 2010

Type	Book Value	Market Value	%
U.S. Treasury Bills & Notes	\$ -	\$ -	
Federal Agency Securities	\$ -	\$ -	
Repurchase Agreements	\$ -	\$ -	
Investment Agreements	\$ 166,127,777.36	\$ 166,127,777.36	71.62%
Money Market Fund	\$ 65,840,792.93	\$ 65,840,792.93	28.38%
Pooled Investment Account	\$ -	\$ -	
Commercial Paper	\$ -	\$ -	
Bankers Acceptances	\$ -	\$ -	
State, local govt. bonds, notes, etc.	\$ -	\$ -	
Totals	\$ 231,968,570.29	\$ 231,968,570.29	100.00%

As of June 30, 2010, the liquidity position of the portfolio was:

Type	Amount	Available
Redevelopment Fund	\$ 158,490,461.35	Immediately
Bond Proceeds Fund	\$ 57,393,347.50	Immediately
Reserve Fund	\$ 13,180,833.51	As Needed
Principal Fund	\$ -	Immediately
Capitalized Interest Fund	\$ 2,856,652.50	Immediately
Interest Fund	\$ -	Immediately
Revenue Fund	\$ 9,015.92	As Needed
Cost of Issuance Fund	\$ 38,258.06	As Needed
Debt Service Fund	\$ 1.45	As Needed
Total	\$ 231,968,570.29	\$ 231,968,570.29

The pooled investments shown above provide sufficient cash flow liquidity to meet the next six months estimated expenditures. I certify that this report accurately reflects all pooled investments and is in conformity with the investment policy approved by the Board of Directors of the County of Riverside, State of California.



Robert Field
Executive Director

Redevelopment Agency for the County of Riverside
Statement of Investments, June 30, 2010

Account Name	Security Purchased	Rating S&P/Moodys	Settlement Date	Maturity Date	Coupon Rate/Yield	Investment Value	Market Value	ACCT
01 Junupa Reserve Account								
Money Market Account	INVENCO TREASURY PRIVATE CLASS	AAA/Aaa	N/A	N/A	0.000%	0.04	0.04	805620
Sub Total						0.04	0.04	
01 Junupa Debt Service Fund								
Money Market Account	INVENCO TREASURY PRIVATE CLASS	AAA/Aaa	N/A	N/A	0.000%	1.45	1.45	412786
Sub Total						1.45	1.45	
04 Redevelopment Fund Account (1-215)								
Money Market Account	RIVERSIDE COUNTY POOL	/ Aaa	9/30/2009	N/A	0.000%	1,474.33	1,474.33	363823
Investment Agreement								52210
04 Debt Service Reserve Account (01-86)								
Money Market Account	RIVERSIDE COUNTY POOL	/ Aaa	9/30/2009	N/A	0.000%	1,633,916.31	1,633,916.31	363812
Investment Agreement								52220
Sub Total						1,633,916.31	1,633,916.31	
04 Debt Service Reserve Account (MCPA)								
Money Market Account	RIVERSIDE COUNTY POOL	/ Aaa	9/30/2009	N/A	0.000%	534,401.89	534,401.89	363822
Investment Agreement								52230
Sub Total						534,401.89	534,401.89	
04 Debt Service Reserve Account (1-215)								
Money Market Account	RIVERSIDE COUNTY POOL	/ Aaa	9/30/2009	N/A	0.000%	1,623,404.45	1,623,404.45	363825
Investment Agreement								52240
Sub Total						1,623,404.45	1,623,404.45	
04 Revenue Fund								
Money Market Account	JP Morgan US Trsry Plus Premier #3920	AAAm/Aaa	N/A	N/A	0.010%	1,836.27	1,836.27	363814
Sub Total						1,836.27	1,836.27	
04 Hsq A Housing Redevelopment								
Money Market Account	XL CAP ASSUR MUNICIPAL BD INS POL	N/A *	12/29/2004	10/1/2037	0.000%	0.00	0.00	364158
Investment Agreement	RIVERSIDE COUNTY POOL	/ Aaa	9/30/2009	N/A	0.000%	1,498.10	1,498.10	52200
05 RDA Redevelopment (1-86)								
Money Market Account	RIVERSIDE COUNTY POOL	/ Aaa	3/22/2010	N/A	0.000%	4,534,735.42	4,534,735.42	363866
Investment Agreement								52330

Redevelopment Agency for the County of Riverside
Statement of Investments, June 30, 2010

Account Name	Security Purchased	Rating S&P/Moody's	Settlement Date	Maturity Date	Coupon Rate/Yield	Investment Value	Market Value
05-RDA Redevelopment (MCPA) Money Market Account Investment Agreement	** RIVERSIDE COUNTY POOL	/ Aaa	3/22/2010	N/A	0.000%	0.00 4,878,999.44	0.00 4,878,999.44
05-RDA Redevelopment (DCPA) Money Market Account Investment Agreement	JP Morgan US Tsy Plus Premier #3920	AAAm/Aaa	N/A	N/A	0.010%	6,396.62 0.00	6,396.62 0.00
05-RDA Redevelopment (I-215) Money Market Account Investment Agreement	** RIVERSIDE COUNTY POOL	/ Aaa	3/22/2010	N/A	0.000%	0.00 14,388,950.46	0.00 14,388,950.46
05-RDA Reserve Account (I-88) Money Market Account Investment Agreement Sub Total	 RIVERSIDE COUNTY POOL	/ Aaa	9/30/2009	N/A	0.000%	0.00 1,773,101.22 1,773,101.22	0.00 1,773,101.22 1,773,101.22
05-RDA Reserve Account (MCPA) Money Market Account Investment Agreement Sub Total	 RIVERSIDE COUNTY POOL	/ Aaa	9/30/2009	N/A	0.000%	0.00 695,064.64 695,064.64	0.00 695,064.64 695,064.64
05-RDA Reserve Account (I-215) Money Market Account Investment Agreement Sub Total	 RIVERSIDE COUNTY POOL	/ Aaa	9/30/2009	N/A	0.000%	0.00 1,449,919.96 1,449,919.96	0.00 1,449,919.96 1,449,919.96
05-PFA Revenue Fund Money Market Account Sub Total	JP Morgan US Tsy Plus Premier #3920	AAAm/Aaa	N/A	N/A	0.010%	552.92 552.92	552.92 552.92
06-A RDA Redevelopment (JVPA) Money Market Account Investment Agreement	 RIVERSIDE COUNTY POOL	/ Aaa	9/30/2009	N/A	0.000%	0.00 37,512,178.93	0.00 37,512,178.93
06-A RDA Redevelopment (DCPA) Money Market Account Investment Agreement	 RIVERSIDE COUNTY POOL	/ Aaa	9/30/2009	N/A	0.000%	0.00 25,203,644.23	0.00 25,203,644.23
06-A RDA Redevelopment (I-215) Money Market Account Investment Agreement	Goldman Sachs Fincl SQ Govt #465 RIVERSIDE COUNTY POOL	AAAm/Aaa / Aaa	N/A 9/30/2009	N/A N/A	0.100% 0.000%	4,368.45 30,155,800.19	4,368.45 30,155,800.19

Redevelopment Agency for the County of Riverside
Statement of Investments, June 30, 2010

Account Name	Security Purchased	Rating S&P/Moodys	Settlement Date	Maturity Date	Coupon Rate/Yield	Investment Value	Market Value
06-A Revenue Fund							
Money Market Account	Federated US Treasury Cash Res #632	AAAm/Aaa	N/A	N/A	0.000%	6,547.41	6,547.41
Sub Total						6,547.41	6,547.41
06-B Redevelopment (1-86)							
Money Market Account	Goldman Sachs Finc'l SQ Gov't #465	AAAm/Aaa	N/A	N/A	0.090%	3,184.17	3,184.17
Investment Agreement	RIVERSIDE COUNTY POOL	/Aaa	9/30/2009	N/A	0.000%	21,967,966.68	21,967,966.68
Sub Total						25,152,140.85	25,152,140.85
06-B Redevelopment (MCPA)							
Money Market Account	Goldman Sachs Finc'l SQ Gov't #465	AAAm/Aaa	N/A	N/A	0.090%	1,700.28	1,700.28
Investment Agreement	RIVERSIDE COUNTY POOL	/Aaa	9/30/2009	N/A	0.000%	11,731,885.72	11,731,885.72
Sub Total						13,432,116.00	13,432,116.00
06-B Revenue Fund							
Money Market Account	Federated US Treasury Cash Res #632	AAAm/Aaa	N/A	N/A	0.000%	79.32	79.32
Sub Total						79.32	79.32
07 Junupa Redevelopment							
Money Market Account	Dreyfus Inst'l Res Treasury #6541	AAAm/Aaa	N/A	N/A	0.000%	56,842.94	56,842.94
Investment Agreement	FSA Capital Mgt Services LLC	AAA/Aa3	7/2/2007	10/1/2010	5.215%	8,040,815.39	8,040,815.39
Sub Total						8,609,658.33	8,609,658.33
2010 Housing A - Bond Proceeds							
Money Market Account	Federated Pm OBL MM #396	AAAm/Aaa	N/A	N/A	0.010%	11,750,000.00	11,750,000.00
Investment Agreement						0.00	0.00
Sub Total						11,750,000.00	11,750,000.00
2010 Housing A - Cost of Issuance							
Money Market Account	Federated Pm OBL MM #396	AAAm/Aaa	N/A	N/A	0.010%	10,465.54	10,465.54
Investment Agreement						0.00	0.00
Sub Total						10,465.54	10,465.54
2010 Housing A - Reserve Fund							
Money Market Account	Federated Pm OBL MM #396	AAAm/Aaa	N/A	N/A	0.010%	1,302,078.54	1,302,078.54
Investment Agreement						0.00	0.00
Sub Total						1,302,078.54	1,302,078.54
2010 Housing A - Capitalized Interest Fund							
Money Market Account	Federated Pm OBL MM #396	AAAm/Aaa	N/A	N/A	0.010%	2,856,652.50	2,856,652.50
Investment Agreement						0.00	0.00
Sub Total						2,856,652.50	2,856,652.50

Redevelopment Agency for the County of Riverside
Statement of Investments, June 30, 2010

Account Name	Security Purchased	Rating S&P/Moodys	Settlement Date	Maturity Date	Coupon Rate/Yield	Investment Value	Market Value
2010 Housing A-T - Reserve Fund Money Market Account Investment Agreement	Federated Prm OBL MM #396	AAA/Am/Aaa	N/A	N/A	0.000%	4,168,946.46	4,168,946.46
Sub Total						4,168,946.46	4,168,946.46
2010 Housing A-T - Cost of Issuance Money Market Account Investment Agreement	Federated Prm OBL MM #396	AAA/Am/Aaa	N/A	N/A	0.010%	27,792.52	27,792.52
Sub Total						27,792.52	27,792.52
2010 Housing A-T - Bond Proceeds Money Market Account Investment Agreement	Federated Prm OBL MM #396	AAA/Am/Aaa	N/A	N/A	0.000%	45,643,347.50	45,643,347.50
Sub Total						45,643,347.50	45,643,347.50
TOTAL INVESTMENT						231,968,570.29	231,968,570.29

Total by Fund Type	
Redevelopment Fund:	
Bond Proceeds Fund	57,393,347.50
Reserve Fund:	13,180,833.51
Capitalized Interest Fund:	0.00
Interest Fund:	0.00
Revenue Fund:	3,015.92
Cost of Issuance Fund:	27,792.52
Debt Service Fund:	1.44
TOTAL INVESTMENT:	231,968,570.29

Total by Investment Type	
Total Money Market Account Funds:	65,840,792.93
Total Investment Agreement Funds:	166,127,777.36
TOTAL INVESTMENT:	231,968,570.29

* All funds have been withdrawn from XL, credit rating does not apply.
 ** Redevelopment Account# 363866, 363886, 363906 are overstated due to a February 2010 draw that was not deducted from the accounts. This adjustment will be reflected in the July 2010 statement.

Riverside County Redevelopment Agency
Statement of Investments, June 30, 2010

Account Name	Security Purchased	Rating S&P/Moodys	Settlement Date	Maturity Date	Coupon Rate/Yield	Investment Value	Market Value
2010 Housing A-T - Reserve Fund Money Market Account Investment Agreement Sub Total	Federated Prm OBL MM #396	AAA/Am/Aaa	N/A	N/A	0.000%	4,168,946.46	4,168,946.46
2010 Housing A-T - Cost of Issuance Money Market Account Investment Agreement	Federated Prm OBL MM #396	AAA/Am/Aaa	N/A	N/A	0.010%	27,792.52	27,792.52
2010 Housing A-T - Bond Proceeds Money Market Account Investment Agreement Sub Total	Federated Prm OBL MM #396	AAA/Am/Aaa	N/A	N/A	0.000%	45,643,347.50	45,643,347.50
TOTAL INVESTMENT						231,968,570.29	231,968,570.29

Total by Fund Type	Investment Value	Market Value
Redevelopment Fund:		
Bond Proceeds Fund	45,643,347.50	45,643,347.50
Reserve Fund:	27,792.52	27,792.52
Principal Fund:	0.00	0.00
Capitalized Interest Fund:	0.00	0.00
Interest Fund:	0.00	0.00
Revenue Fund:	0.00	0.00
Cost of Issuance Fund:	27,792.52	27,792.52
Debt Service Fund:	0.00	0.00
TOTAL INVESTMENT:	231,968,570.29	231,968,570.29

Total by Investment Type	Investment Value	Market Value
Total Money Market Account Funds:	65,840,792.93	65,840,792.93
Total Investment Agreement Funds:	166,127,777.36	166,127,777.36
TOTAL INVESTMENT:	231,968,570.29	231,968,570.29

* All funds have been withdrawn from XL, credit rating does not apply.
 ** Redevelopment Account# 363886, 363906 are overstated due to a February 2010 draw that was not deducted from the accounts. This adjustment will be reflected in the July 2010 statement.



**COUNTY OF RIVERSIDE
OFFICE OF THE TREASURER TAX-COLLECTOR
STATEMENT OF INVESTMENT POLICY**

INTRODUCTION

The Treasurer's Statement of Investment Policy is presented annually to the County Investment Oversight Committee for review and to the Board of Supervisors for approval, pursuant to the requirements of Sections 53646(a) and 27133 of the California Government Code (the Code). This policy will become effective immediately upon approval by the Board of Supervisors.

SCOPE

The Treasurer's Statement of Investment Policy is limited in scope to only those County, school and special district fund assets actually deposited and residing in the County Treasury. It does not apply to bond funds or other assets belonging to the County of Riverside, or any affiliated public agency the assets of which reside outside of the County Treasury.

FIDUCIARY RESPONSIBILITY

Section 27000.3 of the Code declares each treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a trustee and therefore a fiduciary subject to the prudent investor standard. This standard, as stated in Section 27000.3 requires that "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors."

PORTFOLIO OBJECTIVES

The first and primary objective of the Treasurer's investment of public funds is to safeguard investment principal; second, to maintain sufficient liquidity within the portfolio to meet daily cashflow requirements; and third, to achieve a reasonable rate of return or yield on the portfolio consistent with these objectives. The portfolio shall be actively managed in a manner that is responsive to the public trust and consistent with State law.

AUTHORITY

Statutory authority for the Treasurer's investment and safekeeping functions are found in Code Sections 53601 and 53635 et. seq. The Treasurer's authority to make investments is to be renewed annually, pursuant to state law. It was last renewed by the Board of Supervisors on November 3, 2009 by County Ordinance No. 767.13. Code Section 53607 effectively requires the legislative body to delegate investment authority of the County on an annual basis.

AUTHORIZED INVESTMENTS

Investments shall be restricted to those authorized in Code Sections 53601 and 53635 as amended and as further restricted by this policy statement. All investments shall be governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification, credit quality standards (two of the three nationally recognized ratings shall be used for corporate securities), and purchase restrictions that apply.

STAFF AUTHORIZED TO MAKE INVESTMENTS AND WIRE TRANSFERS

Only the Treasurer-Tax Collector, Don Kent, Assistant Treasurer-Tax Collector, Jon Christensen, and, Investment Manager, Giovane Pizano are authorized to make investments (except in the case of an emergency) and to order the receipt and delivery of investment securities among custodial security clearance accounts. Additionally, authorized Capital Markets staff member(s) may execute end-of-day bank and/or money market fund transfers. Staff authorized to make wire or electronic fund transfers (EFT's), and staff authorized to release these wires and EFT's are governed under the Treasurer's Wire Policy.

AUTHORIZED BROKER/DEALERS

Securities transactions are limited solely to those noted on Schedule II of this policy.

DAILY ACCOUNTABILITY AND CONTROL

Except for emergencies or previous authorization by the Treasurer-Tax Collector, all investment transactions are to be conducted at the Treasurer-Tax Collector's office (if open and available to conduct business), documented, and reviewed by the Treasurer-Tax Collector. All investment transactions will be entered daily into the Treasurer's internal financial accounting system with copies to be filed on a timely basis. Portfolio income shall be reconciled daily against cash receipts and quarterly, prior to the distribution of earnings among those entities sharing in pooled fund investment income.

SECURITY CUSTODY & DELIVERIES

All securities except for money market funds registered in the County's name and securities issued by the County or other local agencies shall be deposited for safekeeping with banks contracted to provide the County Treasurer with custodial security clearance services. These third party trust department arrangements provide the County with a perfected interest in, and ownership and control over the securities held by the custodian on the County's behalf, and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are **NOT** to be held in investment firm/broker dealer accounts. All security transactions are to be conducted on a "delivery versus payment basis." Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Securities issued by local agencies purchased directly shall be held in the Treasurer's vault. The security holdings shall be reconciled monthly and audited quarterly by the Treasurer's Internal Audits staff.

COMPETITIVE PRICING

Investment transactions are to be made at current market value and competitively priced whenever possible. Competitive pricing does not necessarily require submission of bids, but does require adequate comparative analysis. The current technology utilized by the Treasury provides this information.

MATURITY LIMITATIONS

No investment shall exceed a final maturity date of five years from the date of purchase unless it is authorized by the Board of Supervisors pursuant to Code Section 53601.

LIQUIDITY

The portfolio shall maintain a weighted average days to maturity (WAM) of less than 541 days or 1.5 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio shall maintain at least 40% of its total value in securities having maturities 1 year or less.

SECURITIES LENDING

The Treasurer may engage in securities lending activity limited to 20% of the portfolio's book value on the date of transaction. Instruments involved in a securities lending program are restricted to those securities pursuant to Code Section 53601(i) and by the Treasurer's Statement of Investment Policy.

REVERSE REPURCHASE AGREEMENTS

The Treasury shall not engage in any form of leverage for the purpose of enhancing portfolio yield. There shall be no entry into reverse repurchase agreements except for temporary and unanticipated cashflow requirements that would cause the Treasurer to sell securities at a principal loss. Any reverse repurchase agreements are restricted pursuant to Code Section 53601(i) and by the Treasurer's Statement of Investment Policy.

MITIGATING MARKET & CREDIT RISKS

Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County's exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by the nationally recognized rating agencies on the credit worthiness of each issuer of the security, (2) limiting the concentration of investment in any single firm as noted in Schedule I, (3) by limiting the duration of investment to the time frames noted in Schedule I, and (4) by maintaining the diversification and liquidity standards expressed within this policy.

TRADING & EARLY SALE OF SECURITIES

All securities are to be purchased with the intent of holding them until maturity. However, in an effort to minimize market and credit risks, securities may be sold prior to maturity either at a profit or loss when economic circumstances, trend in short-term interest rates, or a deterioration in credit-worthiness of the issuer warrants a sale of the securities to either enhance overall portfolio yield or to minimize further erosion and loss of investment principal. Such sales should take into account the short and long term impacts on the portfolio. However, the sale of a security at a loss can only be made after first securing the approval of the Treasurer-Tax Collector.

PURCHASE OF WHEN ISSUED SECURITIES

When issued (W.I.) purchases of securities and their subsequent sale prior to cash settlement are authorized as long as sufficient cash is available to consummate their acceptance into the Treasurer's portfolio on the settlement date.

PORTFOLIO REPORTS/AUDITING

Portfolio reports required by Code Sections 53607 and 27133(e) shall be filed monthly with the Board of Supervisors. The Treasurer shall also prepare and file with the Board of Supervisors, the County Executive Officer, County Auditor-Controller, Superintendent of Schools and the Investment Oversight Committee, the Monthly Treasurer's Pooled Investment Fund reports, including at a minimum, all information required by law. Monthly Treasurer's Pooled Investment Fund reports are to be filed with the County Investment Oversight Committee as required by Code Section 27133. Consistent with Board Policy B-21 (County Investment Policy Statement), § III A, an outside compliance audit will be conducted annually. Outside audits will be conducted at least biannually by an independent auditing firm selected by the Board of Supervisors, per Board Minute Order No. 3.48.

SPECIFIC INVESTMENTS

Specific investments for individual funds may be made in accordance with the Treasurer's Statement of Investment Policy, upon written request of the responsible agency, and, approval of the Treasurer-Tax Collector. Investments outside of the policy may be made on behalf of such funds with approval of the governing Board. With the purchase of specific investments, the fund will be allocated the earnings and/or loss associated with those investments. The Treasurer-Tax Collector reserves the right to allocate a pro-rata charge for administrative costs to such funds.

PERFORMANCE EVALUATION

Portfolio performance is monitored daily and evaluated monthly in comparison to the movement of the Treasurer's Institutional Money Market Index (TIMMI), or other suitable index. Over time, the portfolio rate of return should perform in relationship to such an index. Regular meetings are to be conducted with the investment staff to review the portfolio's performance, in keeping with this policy, and, current market conditions.

INVESTMENT OVERSIGHT COMMITTEE

In accordance with Section 27130 et seq. of the Code, the Board of Supervisors has established an Investment Oversight Committee. The role of the Committee is advisory in nature. It has no input on day to day operations of the Treasury.

QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS

Portfolio income, including gains and losses (if any), will be distributed quarterly in compliance with Sections 53684 and 53844 of the Code which give the Treasurer broad authority to apportion earnings and losses among those participants sharing in pooled investment income, and, except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant's average daily cash balance for the calendar quarter. Any subsequent adjustments of reported earnings by the Auditor-Controller will be first reviewed and approved by the Treasurer to assure compliance with Code Sections 53684 and 53844.

QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS

Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted, pursuant to Code Section 27013, to deduct from investment income before the distribution thereof, the actual cost of the investment, audit, deposit, handling and distribution of such income.

Accordingly, in keeping with Code Sections 27013, 27133(f), and 27135, the Treasury shall deduct from pooled fund investment earnings the actual cost incurred for: retail banking services, wire transfers, custodial safekeeping charges, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the Treasurer-Tax Collector's office engaged in the administration, investment, auditing, cashing, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions. Costs are apportioned based upon average daily ending balances. Prior to gaining reimbursement for these costs, the Treasurer-Tax Collector shall annually prepare a proposed budget revenue estimate for "Section 27013 administrative costs," providing a detailed itemization of all costs required to be reimbursed.

TREASURY OPERATIONS

Treasury operations are to be conducted in the most efficient manner to reduce costs and assure the full investment of funds. The Treasurer will maintain a policy regarding outgoing wires and other electronic transfers. Requests for outgoing transfers which do not arrive on a timely basis may be delayed. The County Treasurer may institute a fee schedule to more equitably allocate costs that would otherwise be spread to all depositors.

POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY

Should any agency solicit entry, the agency shall comply with the requirements of Section 53684 of the Code and provide to the County Treasurer a resolution adopted by its governing board stating that it has excess funds available for the purpose of investment. The resolution shall specify the amount of monies to be invested, the person authorized by the agency to coordinate the transaction, the anticipated time frame for deposits, the agency's willingness to be bound to the statutory 30-day written notice requirement for withdrawals, and acknowledging the Treasurer's ability to deduct pro-rata administrative charges permitted by Code Section 27013. Any solicitation for entry into the TPIF must have the County Treasurer's prior written approval before the receipt of funds is authorized. The depositing entity will enter into a depository agreement with the Treasurer.

POLICY CRITERIA FOR VOLUNTARY PARTICIPANT WITHDRAWALS

With the Treasury being required to maintain a 40% liquidity position at all times during the calendar year, it is anticipated that sufficient funds will be on hand to immediately meet on demand all participant withdrawals for the full dollar amounts requested without having to make any allowance or pro-rata adjustment based on the current market value of the portfolio. In addition, any withdrawal by a local agency for the purpose of investing or depositing those funds outside the Pool shall have the prior written approval of the County Treasurer.

The Treasurer's approval of the withdrawal request shall be based on the availability of funds; the circumstances prompting the request; the dollar volume of similar requests; the prevailing condition of the financial markets, and, an assessment of the effect of the proposed withdrawal on the stability and predictability of the investments in the county treasury.

POLICY ON RECEIPT OF HONORARIA, GIFTS AND GRATUITIES

Neither the Treasurer-Tax Collector nor any member of his staff, shall accept any gift, gratuity or honoraria from financial advisors, brokers, dealers, bankers or other persons or firms conducting business with the County Treasurer which exceeds the limits established by the Fair Political Practices Commission (FPPC) and relevant portions of Code Section 27133. IOC members shall be subject to the limits included in the Board of Supervisors Policy B-21.

ETHICS & CONFLICTS OF INTEREST

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County’s investment program or impairs their ability to make impartial and prudent investment decisions. In addition, the County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, Chief Deputy Treasurer-Tax Collector II and Investment Manager are required to file annually the applicable financial disclosure statements as mandated by the FPPC and County policy.

INVESTMENTS MADE FROM DEBT ISSUANCE PROCEEDS

The proceeds of a borrowing may be specifically invested per Schedule I of this policy (with the exception of Collateralized Time Deposits and Local Agency Obligations) as well as competitively bid investments (see County of Riverside Office Of The Treasurer-Tax Collector Statement Of Investment Policy Governing Competitively Bid Investments for Pool Participants, dated February 28, 2006).

No pooled fund investments made from the proceeds of a borrowing, the monies of which are deposited in the County Treasury, shall be invested for a period of time exceeding the maturity date of the borrowing. Nor shall any monies deposited with a bank trustee or fiscal agent for the ultimate purpose of retiring the borrowing be invested beyond the maturity date of the borrowing.

POLICY ADOPTION & AMENDMENTS

This policy statement will become effective following adoption by the Board of Supervisors, and, will remain in force until subsequently amended in writing by the Treasurer-Tax Collector and approved by the Board.



November 24, 2009

Don Kent
County of Riverside
Treasurer-Tax Collector

SCHEDULE I

AUTHORIZED INVESTMENTS	DIVERSIFICATION (1)	PURCHASE RESTRICTIONS	MATURITY	CREDIT QUALITY (S&P/MOODY'S/FITCH)
U.S. Treasury notes, bills, bonds or other certificates of indebtedness	100%	NA	Maximum 5 years	NA
Notes, participations, or obligations issued by the agencies of the federal government	100%	NA	Maximum 5 years	NA
Bonds, notes, warrants or certificates of indebtedness issued by the state of CA, or local agencies, or the County of Riverside. Registered treasury notes or bonds of any of the other 49 United States per Government Code Section 53601 (d)	15% maximum	See Schedule VI	Maximum 3 years	Long term "AA-, Aa3, AA-" or better
Bankers Acceptances (BA)	30% maximum	See Schedule VI	Maximum 180 days	Short term "A-1,P-1,F-1" or better
Commercial Paper (CP)	40% maximum	See Schedule VI	Maximum 270 days	Short term "A-1,P-1,F-1" or better
Local Agency Obligations (LAO)	2.5% maximum	Board of Supervisors approval required. Issued by pool depositors only	Maximum 3 years	Non-rated, if in the opinion of the Treasurer, considered to be of investment grade or better
CalTRUST Short Term Fund (CLTR)	1% maximum	Board of Supervisors approval required	Daily liquidity	NR / Portfolio managed pursuant to California Government Code § 53601 & 53635
Negotiable CD's (NCD'S) issued by national or state chartered banks or a licensed branch of a foreign bank	25% maximum	See Schedule VI	Maximum 1 year	Short term "A-1,P-1,F-1" or better
Collateralized Time Deposits (LCD)	2% maximum	See Schedule IV	Maximum 1 year	N/A
Repurchase Agreements (REPO) with 102% collateral restricted to U. S. Treasuries, agencies, agency mortgages, CP, BA's	40% max, 25% in term repo over 7 days. No more than 20% w/one dealer in term repo	Repurchase agreements to be on file	Maximum 45 days	Short Term "A-1, P-1, F-1" or better If "A-2, P-2, F2" then overnight only
Reverse Repurchase Agreements on U. S. Treasury & federal agency securities in portfolio	10% maximum	For temporary cash flow needs only.	Max 60 days with prior approval of Board of Supervisors	NA
Medium Term Notes (MTNO) or Corporate Notes	20% maximum	See Schedule VI	Maximum 3 years	"AA, Aa2, AA" minimum if under 1 year
Money Market Mutual Funds (MMF) that invest in eligible securities meeting requirements of California Government Code	20% maximum	Registered with SEC No NAV adjustments No front end loads See Schedule V	Daily liquidity	Long Term "AAA" (2 of 3 nationally recognized rating services)

(1) Whichever is greater.

**AUTHORIZED BROKER/DEALERS
SCHEDULE II**

The Treasurer is authorized to conduct investment security transactions with the broker/dealers which are designated by the Federal Reserve Bank as primary government dealers. Security transactions with firms, other than those appearing on this list, are prohibited.

1. Other authorized firms:

Union Bank of California
Bank of New York
Oppenheimer & Co. Inc.
Wells Fargo Bank
Piper Jaffray & Co.
E.J. De La Rosa & Co.
Stone & Youngberg
Stifel Nicolaus

2. Direct purchases from major commercial paper issuers, money market mutual funds, banker's acceptance issuers, negotiable CD issuers, or savings and loan are authorized.
3. Incidental purchases of less than \$10 million may be made with other firms if in the opinion of the Treasurer, such transactions are deemed advantageous.

To ensure compliance with the County Treasurer's investment guidelines, each newly authorized primary government dealer and other authorized firms (as listed above in section A, B and C) will be supplied a complete copy of this Investment Policy document approved by the Board of Supervisors.

**POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS
SCHEDULE III**

1. The County Treasurer has elected to limit security transactions as mentioned in Schedule II. Accordingly, the financial institution must confirm that they are a member of the National Association of Security Dealers (NASD), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses. The Treasurer is prohibited from the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.
2. The County Treasurer's intent is to enter into long-term relationships. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.
3. The firm must specify the types of securities it specializes in and will be made available for our account. Additionally, the firm must maintain its own securities clearing operations to qualify doing business with the County Treasurer.
4. It is important that the firm provide related services that will enhance the account relationship which could include:
 - (a) An active secondary market for its securities.
 - (b) Internal credit research analysis on commercial paper, banker's acceptances and other securities it offers for sale.
 - (c) Be willing to trade securities for our portfolio.
 - (d) Be capable of providing market analysis, economic projections, and newsletters.
 - (e) Provide market education on new investment products, security spread relationships, graphs, etc.
5. The firm must be willing to provide us annual financial statements.
6. The County Treasurer is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities. All securities must be subject to delivery at the County's custodial bank.
7. Without exception, all transactions are to be conducted on a delivery versus payment (DVP) basis.
8. The broker/dealer must have been in operation for more than 5 years, and, if requested, the firm must be willing to provide us a list of local government clients or other reference, particularly those client relationships established within the State of California.

**POLICY CRITERIA FOR COLLATERALIZED TIME DEPOSITS
SCHEDULE IV**

Before the Treasury can place a time deposit with a local bank or savings and loan, the following criteria must be met:

1. The bank must provide us with an executed copy of the "Contract for Deposit of Moneys."
2. The interest rate on the Time Certificate of Deposit must be competitive with rates offered by other banks and savings and loans residing in Riverside County, and, must exceed the interest rate for treasury bills for a similar maturity period.
3. Investments less than the FDIC insurance limit will be sufficient without requiring any collateral to be pledged with the Federal Reserve to secure the public fund deposit.
4. Investments exceeding the FDIC insurance limit shall be fully collateralized by U.S. Treasury and Federal Agency securities having maturities five years or less. The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. The securities pledged as collateral must have a current market value greater than the dollar amount of the deposit in keeping with the ratio requirements specified in Code Section 53652. Additionally, a statement of the collateral shall be provided on a monthly basis. A collateral waiver for the portion insured by the FDIC will be granted.
5. The County Treasurer must be given a current audited financial statement for the financial year just ended as well as the most recent quarterly statement of financial condition. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.
6. The County Treasurer will not place a public fund deposit for more than 10% of the present paid-in capital and surplus of the bank.
7. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc).
8. All time certificates must have a maturity date not exceeding one year from the date of the deposit, with interest payments based upon the stated interest rate.
9. The County Treasurer must receive a letter from an officer of the bank at the time the initial deposit is made, that there is no known pending financial disclosure or public announcement of an adverse financial event involving the bank or savings and loan, nor is there any knowledge that a conflict of interest situation exists between any County official and an officer or employee of the bank.
10. Time deposits will only be made with banks and savings and loans having branch office locations within Riverside County.

**POLICY CRITERIA FOR ENTERING INTO A MONEY MARKET FUND
SCHEDULE V**

Shares of beneficial interest issued by diversified management companies, also known as mutual funds, invest in the securities and obligations authorized by Code Sections 53601.7(10). Approved mutual funds will be registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et. seq.) and shall meet the following criteria:

1. The fund must have a “AAA” ratings from two of the nationally recognized rating services: Moody’s, Fitch, Standard & Poor’s and the fund must maintain daily, a principal per share value of \$1.00 per share.
2. The fund’s prospectus cannot allow hedging strategies, options or futures.
3. The fund must provide a current prospectus before participation in the fund and provide copies of their portfolio reports and shall provide at least at month-end, a complete listing of securities within the fund’s portfolio.

**POLICY CRITERIA
CORPORATE AND MUNICIPAL SECURITIES
SCHEDULE VI**

Government guaranteed programs. Corporate debt obligations, backed by the full faith and credit of the United States for the life of the security, will be evaluated on par with Federal Agency debt obligations, and the selection criteria for selecting Federal agencies will be applied. The maximum maturity is the earlier of the expiration date of the guarantee or five years.

Corporate Criteria. No short-term negative credit watch or long-term negative outlook by any rating agency except for entities participating in government guaranteed programs.

Municipal Criteria. Minimum of A or A2 or A, underlying credit rating for selecting insured municipal securities and a maximum of 5% exposure to any one insurer (direct purchases and indirect commitments).

Liquidity Provider Restrictions. Maximum of 5% exposure to any one institution (direct purchases and indirect commitments).

Category	Short-Term Ratings	Long-Term Ratings	Restrictions
1	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1+)	AAA/Aaa/AAA	Corp. Maximum of 4% per issuer with no more than 2% greater than 1 year final maturity and no more than 1% greater than 2 year final maturity. Muni. Maximum of 5% per issuer with no more than 2% greater than 13 month final maturity.
2	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA+/Aa1/AA+, AA/Aa2/AA	Corp. Maximum of 3% per issuer with no more than 1% greater than 1 year final maturity. No more than 13 month final maturity. Muni. Maximum of 5% per issuer with no more than 1% greater than 13 month final maturity.
3	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA-/Aa3/AA-	Corp. Maximum of 3% per issuer with no more than 1.5% greater than 90 days. No more than 270 days final maturity. Muni. Maximum of 5% per issuer. No more than 13 month final maturity.
4	A-1/P-1/F-1 (SP-1/MIG1/F-1)	A/A2/A or better.	Corp. No Asset Backed programs. Maximum of 2% per issuer with no more than 1% greater than 7 days. No more than 45 days maximum maturity. Muni. State of California GO Debt only. Maximum of 3% with no more than 2% greater than 1 year final maturity.

Rating Agency Comparison Table

Short-Term Scale

S&P	A-1+, A-1
Moody's	P-1
Fitch	F-1+, F-1

Long-Term Scale

S&P	AAA, AA+, AA, AA-, A+, A
Moody's	Aaa, Aa1, Aa2, Aa3, A1, A2
Fitch	AAA, AA+, AA, AA-, A+, A